

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>Public Service Company of Colorado</b>	)	<b>Docket No. ER13-75-000</b>
	)	
<b>Tucson Electric Power Company</b>	)	<b>Docket No. ER13-77-000</b>
	)	
<b>UNS Electric, Inc.</b>	)	<b>Docket No. ER13-78-000</b>
	)	
<b>Public Service Company of New Mexico</b>	)	<b>Docket No. ER13-79-000</b>
	)	
<b>Arizona Public Service Company</b>	)	<b>Docket No. ER13-82-000</b>
	)	
<b>El Paso Electric Company</b>	)	<b>Docket No. ER13-91-000</b>
	)	
<b>Black Hills Power, Inc.</b>	)	<b>Docket No. ER13-96-000</b>
	)	
<b>Black Hills Colorado Electric Utility Company</b>	)	<b>Docket No. ER13-97-000</b>
	)	
<b>NV Energy, Inc.</b>	)	<b>Docket No. ER13-105-000</b>
	)	
<b>Cheyenne Light, Fuel and Power Company</b>	)	<b>Docket No. ER13-120-000</b>

(not consolidated)

**MOTION FOR LEAVE TO ANSWER  
AND ANSWER OF THE WESTCONNECT JURISDICTIONAL UTILITIES**

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”),<sup>1</sup> the jurisdictional transmission-owning members of the WestConnect Order No. 1000 planning region, Public Service Company of Colorado, Tucson Electric Power Company, UNS Electric, Inc., Public Service Company of New Mexico, Arizona Public Service Company, El Paso Electric Company, Black Hills Power, Inc., Black Hills Colorado Electric Utility Company, LP, Sierra Pacific Power Company (“SPPC”), d/b/a NV Energy and Nevada Power Company (“NPC”), d/b/a NV Energy (SPPC and NPC, collectively, “NV Energy”), and Cheyenne Light, Fuel and Power Company (collectively,

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<sup>1</sup> 18 C.F.R §§ 385.212, 385.213 (2012).

“Jurisdictional Utilities”) hereby move for leave to answer the comments and protests filed in the above-captioned proceedings.<sup>2</sup> The Jurisdictional Utilities request that the Commission accept this answer, deny the protests filed by certain intervenors, and accept the Jurisdictional Utilities’ October 11, 2012 compliance filings in response to Order No. 1000<sup>3</sup> (“October 11 Filings”).<sup>4</sup>

The Regional Planning Process, as reflected in the October 11 Filings, encompasses more than twenty jurisdictional and non-jurisdictional utilities, and was the result of a lengthy stakeholder development process culminating in the Order No. 1000 compliance filings submitted by the jurisdictional utilities in the proposed region. This process was critical to the development of a compliant, detailed, and thorough proposal, and the Jurisdictional Utilities appreciate the time and effort invested by the non-jurisdictional utilities in the region, as well as the many interested parties that participated in the stakeholder process.

Some of the comments submitted by intervenors misconstrue the nature or scope of the directives in Order No. 1000 or the tariff language proposed by the Jurisdictional Utilities. Other comments clearly reflect more a desire by certain stakeholders to advance more fully their own individual preferences or policies in the open forums established for Order No. 1000 compliance, than an identification of non-compliant tariff provisions implementing Commission directives. It is important to remember that the Jurisdictional Utilities’ October 11 Filings are restricted by the provisions of Section 206 of the Federal Power Act. This means that the Jurisdictional Utilities

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<sup>2</sup> Terra-Gen Dixie Valley, LLC is also a jurisdictional WestConnect transmission owner and made an Order No. 1000 compliance filing in Docket No. ER13-76-000. However, Terra-Gen is not participating in this answer.

<sup>3</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 76 Fed. Reg. 49,842 (Aug. 11, 2011), FERC Stats. & Regs. ¶ 31,323 (2011) (“Order No. 1000”), *order on reh’g and clarification*, 77 Fed. Reg. 32,184 (May 31, 2012), 139 FERC ¶ 61,132 (2012) (“Order No. 1000-A”); *order on reh’g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (“Order No. 1000-B”).

<sup>4</sup> As the Jurisdictional Utilities are not parties to all of these proceedings, each Jurisdictional Utility is filing this pleading on its own behalf in its own docket. This pleading addresses the issues that are generic to the WestConnect Planning Region and Regional Planning Process. Additional, individual pleadings will be filed by Jurisdictional Utilities in the proceedings governing their own Order No. 1000 compliance filings as needed to address comments and/or protests that are unique to that utility.

were obligated to institute the specific identifiable changes directed by the Commission in Order No. 1000. The October 11 Filings do so.

Given the diverse nature of the parties and interests represented in a stakeholder process that addressed such broad issues and provided regions a considerable amount of flexibility, it was perhaps inevitable that the Regional Planning Process would not represent the favored approach of every stakeholder. Yet, the proposed process is an appropriate and compliant response to the Commission's directives. As the Regional Planning Process for the proposed region is the result of lengthy discussions and hard-fought compromises, it should be understood and reviewed in that light. As stated in Order No. 1000, "public utility transmission providers should have flexibility in determining the most appropriate manner to enhance existing regional transmission planning processes to comply with this Final Rule."<sup>5</sup> The Regional Planning Process represents a fully compliant process resulting from that flexibility.

## **I. BACKGROUND**

In Order No. 1000, the Commission established a number of requirements applicable to transmission owning and operating public utilities, including: participation in a regional transmission planning process that satisfies the principles outlined in Order No. 890<sup>6</sup> and results in a Regional Plan;<sup>7</sup> planning processes that explicitly provide for consideration of public policy requirements ("PPRs");<sup>8</sup> non-incumbent developers must have opportunities comparable to that of incumbent developers;<sup>9</sup> a regional cost allocation method for new transmission facilities that meets the cost allocation principles<sup>10</sup> in Order No. 1000; each pair of neighboring regions is

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<sup>5</sup> Order No. 1000 at P 157.

<sup>6</sup> The principles are also included in Order No. 1000 at P 151. The principles are coordination, openness, transparency, information exchange, comparability, dispute resolution, and economic planning.

<sup>7</sup> Order No. 1000 at P 68.

<sup>8</sup> *Id.* at P 206.

<sup>9</sup> *Id.* at P 323.

<sup>10</sup> *Id.* at P 612-693.

required to coordinate in order to determine if there are more efficient or cost-effective solutions to the transmission needs of the two regions and to develop information sharing processes and procedures to jointly evaluate projects proposed to be located in both regions;<sup>11</sup> and each transmission provider must amend its Open Access Transmission Tariff (“OATT”) to incorporate the processes developed to comply with Order No. 1000.<sup>12</sup>

In compliance with Order No. 1000, the Jurisdictional Utilities submitted revisions to their OATTs addressing transmission planning on October 11, 2012. This filing described the Planning Region, the implementation of the regional stakeholder process and development of the Regional Planning Process, the governance structure and enrollment and voting structure, the enrolled utilities whose transmission facilities comprise the footprint of the region, the Regional Planning Process itself, how the Regional Planning Process satisfies the Commission’s planning process principles, how the Regional Planning Process will address PPRs, how projects can be submitted for evaluation in the Regional Planning Process, the cost allocation framework and criteria for projects submitted for regional cost allocation, and the implementation of the Commission’s directive to remove from Commission-jurisdictional tariffs and agreements any provisions that grant a federal right of first refusal to construct transmission facilities selected in a Regional Plan for purposes of cost allocation.

Following the October 11 Filings, numerous parties intervened in one or more of the Section 206 proceedings of the Jurisdictional Utilities. Comments were filed by the Colorado Public Utilities Commission (“CPUC”)<sup>13</sup>; the New Mexico Public Regulation Commission

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<sup>11</sup> *Id.* at P 345 *et seq.*

<sup>12</sup> *Id.* at P 792.

<sup>13</sup> The CPUC filed comments only in the Public Service Company of Colorado and Black Hills Colorado Electric Utility Company proceedings in Docket Nos. ER13-75-000 and ER13-97-000 (respectively). However, the Jurisdictional Utilities address the comments filed by the CPUC relevant to the Regional Planning Process in this answer.

(“NMPRC”)<sup>14</sup>; Basin Electric Power Cooperative (“Basin Electric”), Colorado Springs Utilities (“Colorado Springs Utilities”), Imperial Irrigation District (“Imperial”), Los Angeles Department of Water and Power (“LADWP”), Platte River Power Authority, a Colorado political subdivision (“Platte River”), Sacramento Municipal Utility District (“SMUD”), Salt River Project Agricultural Improvement and Power District (“Salt River Project”), Southwest Transmission Cooperative, Inc. (“SWTC”), Transmission Agency of Northern California (“TANC”), Tri-State Generation and Transmission Association, Inc. (“Tri-State”), and Western Area Power Administration (“Western”) (collectively, the “Non-Public Utilities”); Startrans IO, LLC (“Startrans”); the Western Independent Transmission Group (“WITG”); the Public Utilities Commission of Nevada (“PUCN”)<sup>15</sup>; the American Wind Energy Association and the Interwest Energy Alliance (“AWEA”); the Interwest Energy Alliance, Natural Resources Defense Council, the Nevada Wilderness Project, the Sonoran Institute, the Sustainable FERC Project, the Vote Solar Initiative, the Western Resource Advocates, and Utah Clean Energy (collectively, “Public Interest Organizations” or “PIOs”),<sup>16</sup> and the Interstate Renewable Energy Council Inc. (“IREC”).<sup>17</sup>

Protests were filed by LS Power Transmission, LLC and LSP Transmission Holdings, LLC (collectively, “LS Power”) and Clean Line Energy Partners LLC (“Clean Line”).<sup>18</sup>

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<sup>14</sup> The NMPRC filed comments pertaining to both Public Service Company of New Mexico’s and El Paso Electric Company’s proceedings in Docket Nos. ER13-79-000 and ER13-91-000 (respectively). The Jurisdictional Utilities address the comments by the NMPRC relevant to the WestConnect Regional Planning Process in this answer.

<sup>15</sup> The PUCN only intervened in the NV Energy, Inc. proceeding in Docket No. ER13-105-000. However, the Jurisdictional Utilities address the comments filed by the PUCN relevant to the Regional Planning Process in this answer.

<sup>16</sup> The original intervention filed by the Public Interest Organizations differed slightly in the organizations listed on the pleading.

<sup>17</sup> IREC filed comments pertaining to both El Paso Electric Company’s and Arizona Public Service Company’s proceedings in Docket Nos. ER13-91-000 and ER13-82-000, respectively. However, the Jurisdictional Utilities address the comments filed by the IREC relevant to the Regional Planning Process in this answer.

<sup>18</sup> Clean Line only intervened in the Public Service Company of New Mexico proceeding in Docket No. ER13-79-000. However, the Jurisdictional Utilities address the comments filed by Clean Line relevant to the Regional Planning Process in this answer.

The comments filed by AWEA and the Public Interest Organizations were filed out-of-time.

## **II. MOTION FOR LEAVE TO ANSWER**

Pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, the Jurisdictional Utilities respectfully move for leave to answer under Rule 213 the comments and protests. Rule 213(a)(2) provides that a party may answer a protest in circumstances where the decisional authority permits the answer for good cause shown.<sup>19</sup> The Commission has permitted answers that clarify the record, contribute to an understanding of the issues, or assist the decision-making process.<sup>20</sup> Because this answer will clarify the record, contribute to an understanding of the issues, and assist the Commission in its decision-making process, good cause exists to grant the motion of the Jurisdictional Utilities for leave to answer.

The Jurisdictional Utilities assert that acceptance and consideration of this answer is particularly appropriate in these Order No. 1000 compliance filing proceedings given the ground-breaking policy announced in that order and the flexibility granted to each region in developing its Regional Planning Process, which has resulted in a wide variety of planning processes and attracted participation and comments from an unusually high number of interested parties.

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<sup>19</sup> 18 C.F.R. § 385.213(a)(2) (2012).

<sup>20</sup> See, e.g., *PJM Interconnection, L.L.C. and Public Service Electric and Gas Company*, 140 FERC ¶ 61,197 at P 23 (2009) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process); *Northwestern Corporation*, 127 FERC ¶ 61,266 at P 15 (2009) (answers to protest accepted because they assisted the Commission in its decision-making process); *Mountain States Transmission Intertie, LLC*, 127 FERC ¶ 61,270 at P 55 (2009) (answers to protest accepted because they assisted the Commission in its decision-making process); *Pepco Holdings, Inc.*, 125 FERC ¶ 61,130 at P 24 (2008) (accepted answer because it provided information to assist in the decision-making process); *Virginia Electric and Power Company*, 124 FERC ¶ 61,207 at P 22 (2008) (accepted answer as it aided in the decision-making process); *S. Natural Gas Co.*, 121 FERC ¶ 61,118 at P 5 (2007) (answer to protest accepted because it assisted the Commission in understanding the issues and ensured a complete record); *New York Indep. Sys. Operator, Inc.*, 121 FERC ¶ 61,112 at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

### **III. ANSWER**

The Jurisdictional Utilities request that the Commission deny the protests filed by LS Power and Clean Line and accept the Jurisdictional Utilities' October 11 Filings as compliant with the directives in Order No. 1000. Few of the issues raised in the comments and protests relate to whether the Jurisdictional Utilities and the Regional Planning Process satisfy the compliance obligations in Order No. 1000. Instead, most of the comments and protests relate to the exercise of the regional flexibility allowed by the Commission in Order No. 1000, which provided room for multiple acceptable approaches to complying with Order No. 1000 and recognized that differences throughout the country will necessitate differences in each region. The advocates for certain arguments advanced them in the rulemaking process and failed to receive from the Commission the directives they sought. In this respect, arguments favoring the addition of mandates that a developer be selected for every project in the regional plan or that the Commission mandate certain bright-line criteria for selecting transmission projects in the Regional Plan, for example, read more like out-of-time and out-of-place requests for rehearing of Order No. 1000 than comments on compliance with the scope of the rule issued.

This answer addresses those comments and protests in three sections. First, in response to concerns regarding the openness and transparency of the stakeholder process, the Jurisdictional Utilities provide a detailed description of that process, the stakeholder participation in it, and the nature of the governance documents addressing the planning management function. Second, the Jurisdictional Utilities address those comments and protests raising fundamental issues of Order No. 1000 compliance, explaining that those comments and protests either misconstrue the Commission's requirements or misunderstand the Jurisdictional Utilities' proposal. Third, the Jurisdictional Utilities briefly address intervenor concerns regarding the

specific policy choices made in developing the Regional Planning Process, offering clarifications as necessary.

Although the intervenors raise specific, pointed issues with the proposed Regional Planning Process, in reviewing those comments and this answer, the Commission should view the October 11 Filings as a whole and not a series of elements that can be interchanged without upsetting the balance of interests. The October 11 Filings provided an appropriate, balanced, and equitable compromise of the conflicting stakeholder perspectives. To the extent the Commission finds any particular element of the October 11 Filings must be modified to comply with Order No. 1000, the transmission owners that intend to participate in the Order No. 1000 Regional Planning Process must have the flexibility to develop a responsive filing that ensures the continued participation of all pre-Order No. 1000 transmission owners in the WestConnect footprint, including those non-jurisdictional transmission owners that participated in the Order No. 1000 compliance and implementation process and any others that may be interested in joining the new region. As explained in the October 11 Filings, non-jurisdictional transmission owners do and must play a significant role in developing an effective Regional Plan. Without their participation, it would be very difficult for any of the jurisdictional transmission owners in the region to participate in joint planning, as in many cases those entities are completely separated from one another by non-jurisdictional transmission owners.

In developing the Order No. 1000 regional compliance filings, the pre-Order No. 1000 WestConnect transmission owners carefully crafted a consensus approach which incorporates compromises to meet sometimes widely varying stakeholder positions. The balance of bargains and burdens struck during the stakeholder process is a delicate one. For example, consensus was reached on a governance structure for the PMC that would extend to stakeholders and other non-



transmission owning and operating entities the right to vote on the projects included in the Regional Plan for cost allocation purposes. Indeed, the management of the regional planning function is entrusted to a diverse set of membership sectors, each with its own right to vote on the Regional Plan. Transmission owners in the region, with the knowledge that Order No. 1000 does not require them to grant such voting rights, considered the grant of such rights a substantial concession in the process. In the comments and protests submitted in these proceedings, certain stakeholders have voiced a desire for the addition and expansion of other rights that go beyond the directives of the Commission in Order No. 1000. While the Jurisdictional Utilities understand the desire of individual stakeholders to push for their own policy preferences, there is no consensus for such changes to the October 11 Filings, and no legal foundation for which the absence of such changes in the compliance tariffs would render the tariffs unjust and unreasonable under Section 206 of the Federal Power Act.

**A. Stakeholder Process Concerns**

1. *The Utilities in the WestConnect Region Consulted with Stakeholders in an Open and Transparent Process*

Order No. 1000 required that public utilities such as the Jurisdictional Utilities develop regional planning processes consistent with the transmission planning principles in Order No. 1000 “in consultation with stakeholders,” such that the resulting processes are “coordinated, open, and transparent.”<sup>21</sup> CPUC asserts that the stakeholder process to develop the Regional Planning Process lacked openness and transparency in some aspects, pointing to certain meetings only open to transmission owners as an example.<sup>22</sup>

Although the meeting noted by the CPUC involved only the transmission owners in the region, transmission owner-only meetings were appropriate because the transmission-owning

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<sup>21</sup> Order No. 1000 at P 151.

<sup>22</sup> CPUC Comments at 6-7.

public utilities are required by Order 1000 to partner with one another to develop approaches to regional planning and cost allocation that are fully compliant with Order No. 1000. The transmission-owning utilities have both the need and the right to confer with one another on Order No. 1000 compliance matters. The task of creating common Section 206 tariff filings within the region was reason enough to trigger communications among the transmission owners, without creating a public forum for every instance in which such dialogue occurred.

In any case, the stakeholder process provided ample consultation with stakeholders as required by the Commission, and such consultations with stakeholders resulted in many of the features of the regional planning process reflected in the October 11 Filings. For example, the grant of voting rights to stakeholder sectors on the selection of projects for cost allocation in the Regional Plan, as well as the grant of exemptions from WestConnect dues requirements<sup>23</sup> were the direct result of the opportunities provided for stakeholder participation and consultation. Further, the Jurisdictional Utilities understand and expected stakeholders to meet among themselves, away from transmission owners, to discuss areas of common ground and to explore alignment of their respective interests. Such opportunities are always pursued by stakeholders and welcomed in any FERC docket of significance.

The Order No. 1000 implementation process for the region was an inclusive, strike team-based approach that allowed multiple avenues for transmission owners, transmission customers, advocates of non-transmission solutions, regulators, and other interested stakeholders to provide input into the Order No. 1000 implementation process. Each of the strike teams was populated by volunteers from jurisdictional and non-jurisdictional pre-Order No. 1000 WestConnect members as well as stakeholders, and included representation from state utility commissions.

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<sup>23</sup> The funding exemption, as described in the § 3.2.1.3 of the current WestConnect Order No. 1000 Business Practice Manual applies to members of the State Regulatory Commission Sector and PMC members from non-profit organizations with limited funding.

All entities were welcome to participate in any strike team they desired and in any stakeholder meeting they attended:

- The Governance Strike Team developed the management, contractual framework, and voting requirements for the proposed Order No. 1000 transmission planning process. The Governance Strike Team met at least fourteen times during the implementation process.
- The Planning Strike Team developed the Order No. 1000 compliance planning process, including the incorporation of PPRs, project submissions and evaluation criteria, and information sharing procedures. The Planning Strike Team met at least sixteen times during the implementation process.
- The Cost Allocation Strike Team developed the methods to identify benefits and beneficiaries of proposed transmission projects as well as the associated cost allocation methods. The Cost Allocation Strike Team met at least eighteen times during the implementation process.
- The Legal and Negotiating Strike Team was created after the governance process was developed. The Legal and Negotiating Strike Team was tasked with developing an executable Order No. 1000 Planning Participation Agreement that encompasses the principles and processes agreed upon in the Order No. 1000 implementation process for the region and reflected in the October 11 Filings. Several sub-committees were created to work on sections of the Planning Participation Agreement. The Legal and Negotiation Strike Team and its sub-committees have met seven times thus far.

Stakeholders were given the opportunity to be active members on any or all of these strike teams to the extent they were interested. This resulted in state regulators, special interest groups, independent developers, and representatives from transmission owners all participating

on the teams. The majority of the meetings for the Strike Teams took place by phone in order to limit the need to travel, to remove economic barriers to participation, and to enhance the opportunity for stakeholder input.

In addition to the Strike Team meetings, a series of widely-announced and comprehensive Order No. 1000 stakeholder meetings were held between October 2011 and August 2012 in Denver, Colorado; Phoenix, Arizona; and Las Vegas, Nevada. WestConnect also sponsored annual stakeholder meetings in November 2011 and November 2012 in Tempe, Arizona where Order No. 1000 was a large part of the agenda. These meetings were designed to engage stakeholders, to provide status updates from each of the strike teams and intra-regional discussions, and to seek input on strike team proposals. Access to the meetings by phone and/or webcast was an option afforded to all interested parties. All of these meetings were heavily attended both in-person and by phone.

In order to provide transparency to the process and facilitate stakeholder access, WestConnect constantly posted documents related to the Order No. 1000 implementation process for public viewing on its website. This included agendas, presentations, and meeting notes for the Order No. 1000 strike teams and stakeholder meetings, the WestConnect Order No. 1000 Comprehensive Communication Plan (“Communication Plan”), milestone schedules, and meeting calendars with times, dates, and maps to meeting locations. Interested stakeholders were given multiple opportunities to provide comments and edits on documents including the Communication Plan and the WestConnect Regional Planning Process Business Practice Manual (“BPM”).

The BPM was developed to serve as a collection of operating procedures to house implementation details not required in the OATTs of the Jurisdictional Utilities. It is a living

document designed to allow edits without the need to make cumbersome and unnecessary tariff filings to effectuate those changes. The BPM was drafted by an outside consultant based on the output of the Strike Teams and then distributed to all stakeholders for comment during the implementation process.<sup>24</sup> The BPM was distributed to stakeholders in late July 2012, a stakeholder webinar was held in August 2012 to discuss the BPM, and stakeholder input was solicited. A revised BPM based on comments received was again distributed to stakeholders in early September. In addition, many stakeholders received and provided input regarding additional revisions to the BPM through their participation in the Implementation Management Committee (“IMC”), which WestConnect created to provide a vehicle for developing a plan for implementing Order No. 1000.<sup>25</sup> Revisions to the BPM were issued, documented, and distributed frequently via email throughout summer 2012. The IMC consisted of WestConnect transmission-owning members and met monthly (in person or by phone) from Fall 2011 to the present. The meetings of the IMC are publicly posted on WestConnect’s website and are open to attendance by all stakeholders.

The multiple opportunities for stakeholder input described above demonstrate that the process for developing the proposed Order No. 1000 Regional Planning Process was open, transparent, and involved close consultation with stakeholders.

## 2. *The Relationship Between the PMC, the PPA, and the Other Functions of WestConnect*

Certain intervenors raise concerns regarding the relationship between the Planning Management Committee (“PMC”) established in the Regional Planning Process and described in

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<sup>24</sup> Once the Order No. 1000 Planning Management Committee is formed for the region, that body will formally adopt the BPM. Future BPM revisions will be approved by the PMC and not independently by the WestConnect transmission-owning members.

<sup>25</sup> The WestConnect IMC will have no role in Order No. 1000 planning after the Commission gives its final approval of the Jurisdictional Utilities’ Order No. 1000 compliance filings.

the Jurisdictional Utilities' tariffs, the current WestConnect governance process, and the governance process to be established under the Planning Participation Agreement ("PPA") for Order No. 1000 planning purposes.<sup>26</sup> Additionally, the NMPRC expressed concerns that the relationship between the PMC and the WestConnect Steering Committee is not adequately addressed in the compliance filings, and that uncertainties exist with regard to the PPA and PMC.<sup>27</sup>

These comments give rise to a need for the Jurisdictional Utilities to make clear the following:

- The Order No. 1000 regional transmission planning function proposed in the October 11 Filings is to be performed by the PMC. The PMC is empowered to develop the Regional Plan and to select projects for regional cost allocation. Any closed-door (non-public) executive sessions convened by the PMC will include all members of the PMC, and will not be limited solely to transmission owners on the PMC.<sup>28</sup>
- The Steering Committee is a parallel committee to the PMC and does not have the ability to override or modify decisions made by the PMC because the PMC is autonomous in its regional transmission planning role.
- A PPA is to be drafted for execution by all entities electing to serve on the PMC. All members of all sectors on the PMC will be parties to the PPA.
- WestConnect will continue to have functions other than transmission planning, and such other functions are not part of the October 11 Filings.

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<sup>26</sup> CPUC Comments at 7-9; PUCN at 3-6; PIOs Comments at 21-22.

<sup>27</sup> NMPRC Comments at 4-5.

<sup>28</sup> Thus, the allegations of the CPUC to the contrary are incorrect. *See* CPUC Comments at 10 ("The COPUC submits that no PMC member sector should be excluded from executive sessions and that closed door discussions among transmission owners only conflicts with the openness, coordination, and transparency requirements of the Order.").

Historically, the utilities in the WestConnect Region joined the region by means of an STP Project Agreement, which guided historical transmission planning in the WestConnect Region. Through the STP Project Agreement, the WestConnect members formed a planning management committee that coordinated regional planning in the WestConnect Region. Additionally, the planning management committee that was formed through the STP Project Agreement is independent from the WestConnect Steering Committee (i.e., the planning management committee is currently the committee that coordinates regional planning in the WestConnect region). That STP Project Agreement will not continue to exist after implementation of Order No. 1000 regional transmission planning. The Order No. 1000 Regional Planning Process will be governed under the governance structure described in the October 11 Filings. As noted in, for example, PSCo's Attachment R § III.A:

Following the last effective date of the FERC-jurisdictional Transmission Owners' Order No. 1000 compliance filing, the WestConnect members will terminate or supersede the WestConnect STP Project Agreement and will establish a WestConnect Order No. 1000 regional transmission planning management committee ("Planning Management Committee"). This committee will be responsible for administering the Regional Planning Process.

Each Jurisdictional Utility in the region, together with other PMC members, will be a signatory to the PPA. The PPA is not limited to transmission owners within the WestConnect footprint. Stakeholders in the region are free to sign the PPA if they desire to engage in active management of the planning process through membership on the PMC. The PPA is the document which will formalize the relationship between the parties in the region.<sup>29</sup>

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<sup>29</sup> See, e.g., Attachment R-PSCo § III.A.1. Because the tariff language for the WestConnect Regional Planning Process is essentially identical across the October 11 Filings of the Jurisdictional Utilities, but the section numbers differ, the Jurisdictional Utilities in this answer reference the proposed Attachment R-PSCo when citing to tariff provisions. However, each Jurisdictional Utility's October 11 Filing contains equivalent, if not identical, language.

Governance of the Regional Planning Process will be solely under the PMC, which will be comprised of five stakeholder sectors: Transmission Owners with a Load Serving Obligation, Transmission Customers, Independent Transmission Developers and Owners, State Regulatory Commissions, and Key Interest Groups. As specified in, for example, the PSCo tariff, “any entity may join any membership sector for which it qualifies,”<sup>30</sup> and can vote on the PMC through its sector if it executes the PPA and pays its annual dues as noted in the PPA.<sup>31</sup> Those intervenors with concerns about the governance of the Regional Planning Process will be able to join, participate in, and vote within the PMC and thereby continue to have a governing voice in the Regional Planning Process. Membership on the PMC includes the right and obligation to convene closed-door (non-public) sessions from time to time, as necessary and appropriate, to discuss discrete matters, such as the hiring and firing of staff. Any such executive sessions of the PMC will include all members of the PMC, but may be closed to outsiders.

The PPA will not establish a separate governance and stakeholder process; it will simply act to replace the existing WestConnect STP Agreement with a new formal agreement. In doing so, it must comply with the terms of the WestConnect Regional Planning Process described in the October 11 Filings. The governance structure under the Regional Planning Process described in the October 11 Filings is the same governance structure to be established in the PPA. This includes the same PMC voting requirements as contained in, for example, PSCo Attachment R § III.B.5.b. Because the WestConnect Jurisdictional Utilities’ tariffs contain the Order No. 1000 framework and governance that the PPA will follow, the subsequent development and execution of the PPA does not raise compliance concerns.

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<sup>30</sup> See, e.g., Attachment R-PSCo § III.B.5.a. Of course, an entity can only participate in a single sector.

<sup>31</sup> See, e.g., Attachment R-PSCo § III.A.3.a.



The WestConnect Steering Committee, about which certain intervenors expressed concern, will continue to exist but it will not have oversight over the regional transmission planning functions governed by the PMC. As discussed above, even at present the WestConnect Steering Committee does not have oversight of the STP Project Agreement planning management committee. The PMC is given the independence and autonomy to develop the Regional Plan and approve projects for regional cost allocation under the proposed governance structure for the region. The same governance structure is in place today and will not change after final orders accepting the revised tariffs are received by the Jurisdictional Utilities. This should resolve any concerns that a body other than the Order No. 1000-compliant PMC will exercise a role in governing the Regional Planning Process.

This does not, however, mean that other (non-transmission planning) functions of the historical WestConnect organization will cease operating when Order No. 1000 transmission planning becomes effective. For example, the Jurisdictional Utilities participate in a regional pricing experiment with other transmission owners in the WestConnect footprint under FERC-approved tariffs. This experiment will continue, and the Jurisdictional Utilities are not proposing to allow the Order No. 1000 PMC to direct the Jurisdictional Utilities' implementation of that experiment. Such non-transmission planning activities will not be the subject of PMC voting or PMC governance.

Finally, there is no need to submit additional WestConnect compliance filings to describe the "details of the new governance structure and participation agreement" as requested by the

PIOs.<sup>32</sup> The PPA will follow the terms of the Regional Planning Process described in the October 11 Filings, thereby making any new compliance filings redundant.<sup>33</sup>

**B. The WestConnect Regional Planning Process Satisfies the Order No. 1000 Compliance Requirements**

1. *The Cost Allocation Process Is Mandatory For Utilities in the Region, But It Is Not a Guarantee of Cost Recovery*

Order No. 1000 required transmission-owning public utilities to include in their tariffs a cost allocation methodology to allocate the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>34</sup> The Regional Planning Process complies with that requirement. The Jurisdictional Utilities' proposed tariffs include revisions to their current tariffs to reflect the Order No. 1000 cost allocation process. Submitted projects will be evaluated for cost allocation consideration and deemed eligible for cost allocation if they address a regional need based upon reliability, economic, or public policy objectives in the region. All eligible projects are evaluated on comparable basis and in a manner that is not unduly discriminatory or preferential based on the criteria in the Jurisdictional Utilities' tariffs.

This process results in a recommended allocation of costs among sponsors and others that might benefit from a particular project if it were it to be built. In doing so, it provides "greater certainty as to the cost allocation implications of a potential transmission project" and thereby enables stakeholders to "evaluate the merits of the transmission project"<sup>35</sup> as the Commission directed in the rule. However, this is a planning process, not a financing agreement and not rate

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<sup>32</sup> PIOs Comments at 22.

<sup>33</sup> The Jurisdictional Utilities believe that the PPA will not be finalized for some time because of the legal proceedings that will be necessary to receive the approval of the applicable state regulatory commissions and the governing bodies of non-jurisdictional transmission owners. The Jurisdictional Utilities assure the Commission and stakeholders that the effort to craft the PPA is underway currently, and is the task of the L&N Committee, which is comprised of a mix of PMC sector groups. Stakeholders, including state regulatory representatives, are included in this effort.

<sup>34</sup> Order No. 1000 at P 558, 560.

<sup>35</sup> Order No. 1000 at P 559.

recovery approval. Therefore, the cost allocation process does not mandate what projects must be built, where they must be built, or exactly which entities must pay to finance the project. As a result, the cost allocations resulting from the regional cost allocation process are planning information, not a binding assessment of costs and not a binding obligation to construct the projects selected for inclusion in the Regional Plan. This is consistent with Order No. 1000's recognition that the inclusion of a transmission project in a regional transmission plan for purposes of cost allocation is not a requirement to build the facility or an authorization to build the facility,<sup>36</sup> and honors the Commission's decision not to address cost recovery in the rule.<sup>37</sup> This also flows from the Commission's lack of authority over transmission siting and the understanding that siting authority resides with state governments or other federal agencies and that any project will need to receive numerous environmental permits and approvals before construction can commence. The Federal Power Act does not permit the Commission—much less a group of stakeholder advocates—to direct a public utility to construct a project. The October 11 Filings make clear that the selection of a project in the regional plan for the purposes of cost allocation, and the associated identification of project beneficiaries, does not require (i) the project's sponsor to develop the project or (ii) the named beneficiaries to pay for it.

Moreover, the Commission expressly provided that Order No. 1000 goes no further than establishing a process. The order does not mandate construction or the payment of costs, which would be necessary if cost allocation for projects included in the Regional Plan were mandatory: “[t]he transmission planning and cost allocation requirements of this Final Rule, like those of Order No. 890, are associated with the processes used to identify and evaluate transmission

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<sup>36</sup> Order No. 1000 at P 66 (“Nothing in this Final Rule requires that a facility in a regional transmission plan or selected in a regional transmission plan for purposes of cost allocation be built, nor does it give any entity permission to build a facility. Also, nothing in this Final Rule relieves any developer from having to obtain all approvals required to build such facility.”).

<sup>37</sup> Order No. 1000-A at P 616 (“[W]e will not address cost recovery in this proceeding . . .”).

system needs and potential solutions to those needs. In establishing these reforms, the Commission is simply requiring that certain processes be instituted.<sup>38</sup>

Taking its lead from the Commission and recognizing that numerous other approvals must be received and permits granted before a transmission project selected in the Regional Plan for purposes of cost allocation can be constructed, the Jurisdictional Utilities' proposed tariff changes provide that there is no obligation to construct or commit to construct any projects identified in the WestConnect Regional Plan or to implement any cost allocation or pay any costs for such transmission projects.<sup>39</sup> Furthermore, the Jurisdictional Utilities' proposed cost allocation language states that the Jurisdictional Utilities will not assume cost responsibility for projects receiving regional cost allocation in the Regional Planning Process "if the cost of the project is not reasonably expected to be recoverable" in rates.<sup>40</sup>

Some intervenors take issue with this language, but in doing so they misconstrue the requirements of Order No. 1000. The Commission's order required the development and implementation of a cost allocation process but did not mandate that identified beneficiaries pay for any and all cost allocations identified in the Regional Planning Process.<sup>41</sup> In an attempt to support their arguments, intervenors point to various sections of Order No. 1000 that require the development of a cost allocation methodology,<sup>42</sup> noting that this is intended to provide greater certainty regarding cost allocation implications for projects identified in the regional plan.<sup>43</sup> These intervenors conclude that the cost allocations to identified beneficiaries determined through the Regional Planning Process are therefore binding.

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<sup>38</sup> Order No. 1000 at P 107 (emphasis added).

<sup>39</sup> *See, e.g.*, Attachment R-PSCo § VI.B.8.

<sup>40</sup> *See, e.g.*, Attachment R-PSCo § VI.B.7.

<sup>41</sup> LS Power Protest at 5-9; Startrans Comments at 5-7; WITG Comments at 5-7; AWEA Comments at 28; PIOs Comments at 16.

<sup>42</sup> Order No. 1000 at P 558 (requiring a "method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation").

<sup>43</sup> Order No. 1000 at P 561, 562.

That conclusion is unsupported by Order No. 1000. The Commission required the creation and implementation of a cost allocation methodology that would identify beneficiaries of a regional project and an appropriate allocation of costs within the region.<sup>44</sup> The Commission did not require public utilities to finance every transmission project identified in a regional transmission plan for purposes of cost allocation in accordance with the allocation of costs resulting from the planning process. The Commission could not have done so because it did not impose an obligation to build those projects<sup>45</sup> or address the recovery of transmission project costs.<sup>46</sup> Order No. 1000 is not a guarantee that transmission developers can collect costs from developing any transmission project identified in a regional plan for purposes of cost allocation. It simply identifies the beneficiaries along with an allocation of costs. Cost recovery arrangements would need to be agreed to between the transmission project developer, the beneficiaries, and other interested parties, such as state commissions with siting and rate authority.

LS Power claims that the provision in the Jurisdictional Utilities' tariffs stating that there is no obligation to construct or commit to construct any projects identified in the Regional Plan or implement any cost allocation or pay any costs for such transmission projects<sup>47</sup> is an effort to re-litigate issues decided in Order No. 1000.<sup>48</sup> For support, however, LS Power cites a provision of Order No. 1000 that only requires project proponents seeking regional cost allocation to have their project selected in the regional transmission plan for purposes of cost allocation before

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<sup>44</sup> Order No. 1000 at P 558, 560.

<sup>45</sup> Order No. 1000 at P 107 (“[N]othing in this Final Rule involves an exercise of siting, permitting, and construction authority.”); P 153 (“As noted in Order No. 890, the transmission planning requirements adhere do not address or dictate which transmission facilities should be either in the regional transmission plan or actually constructed.”).

<sup>46</sup> Order No. 1000-A at P 616.

<sup>47</sup> *See, e.g.*, Attachment R-PSCo § VI.B.8.

<sup>48</sup> LS Power Protest at 7.

costs can be allocated.<sup>49</sup> However, the requirement to have and apply a cost allocation methodology is not intended to bind all parties to finance and construct every project identified in a regional plan for purposes of cost allocation in accordance with the cost allocation determined under the regional cost allocation methodology. Instead, the Commission explained that these cost allocation methods provide only a framework for the development of agreements to finance and construct an identified project:

This does not undermine the ability of market participants to negotiate alternative cost sharing arrangements voluntarily and separately from the regional cost allocation method or methods. Indeed, market participants may be in a better position to undertake such negotiations as a result of the public utility transmission providers in the region having evaluated a transmission project. The results of that evaluation, including the identification of potential beneficiaries of the transmission project, could facilitate negotiations among potentially interested parties.<sup>50</sup>

The cost allocation methods identified serve only as a strong starting point to negotiate for cost recovery, and in doing so will “increase the likelihood that transmission facilities selected in regional transmission plans for purposes of cost allocation are actually constructed, rather than later encountering cost allocation disputes that prevent their construction.”<sup>51</sup> The Jurisdictional Utilities’ October 11 Filings therefore are consistent with the Commission’s directives in Order No. 1000.

2. *Utilities in the Region Can Continue to Voluntarily Build Transmission Projects Outside the Regional Planning Process*

Another major misconception presented by the comments of certain intervenors is that Order No. 1000 forbade public utility transmission owners from pursuing transmission projects outside the regional planning process. Thus, they claim that transmission owners in the region

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<sup>49</sup> LS Power Protest at 7 (citing Order No. 1000 at P 563).

<sup>50</sup> Order No. 1000 at P 561 (emphasis added).

<sup>51</sup> *Id.* at P 562.

are not permitted to “bypass the Order 1000 transmission planning and cost allocation process by mutually agreeing to construct ‘a new transmission project.’”<sup>52</sup> These intervenors complain that any project outside the retail distribution service territory of a transmission provider or whose costs are allocated outside that territory is by definition not a local project and must be submitted for consideration in the regional plan.<sup>53</sup> They likewise object that WestConnect transmission owners should not be permitted to engage in a participant funded project.<sup>54</sup> Finally, they claim that the Regional Planning Process should only permit transmission owners to treat as local any project that exists solely within the retail distribution service territory or for the benefit of a single transmission owner.<sup>55</sup>

Order No. 1000 does not forbid the bilateral development of a transmission project outside the regional plan. While the Regional Planning Process will include the roll-up of all the region’s utilities’ transmission plans,<sup>56</sup> there is no obligation to determine the cost allocation for and participation in all multi-participant transmission projects through the Regional Planning Process. The Commission made this clear in the rule, explaining that the existence of a regional cost allocation process “does not undermine the ability of market participants to negotiate alternative cost sharing arrangements voluntarily and separately from the regional cost allocation method or methods.”<sup>57</sup> In response to comments that participant funding would violate the Commission’s cost allocation rules and should therefore be forbidden, the Commission refused to so find, explaining that transmission developers—which includes existing transmission

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<sup>52</sup> See LS Power Protest at 10; see also Startrans Comments at 4; WITG Comments at 4-5.

<sup>53</sup> See LS Power Protest at 10.

<sup>54</sup> See *id.* at 11.

<sup>55</sup> See *id.* at 11-12.

<sup>56</sup> See, e.g., Attachment R-PSCo § III.C.4.

<sup>57</sup> Order No. 1000 at P 561.

owners such as the Jurisdictional Utilities—are free to negotiate how to fund projects they support:

However, these principles do not in any way foreclose the opportunity for a transmission developer, a group of transmission developers, or one more individual transmission customers to voluntarily assume the costs of a new transmission facility. Indeed, the evaluation of the potential benefits and beneficiaries of a proposed transmission facility may facilitate negotiations among such entities, potentially leading to greater use of participant funding for transmission projects not selected in the regional transmission plan for purposes of cost allocation.<sup>58</sup>

Thus, although participant funding is not a valid regional cost allocation methodology, entities can continue to engage in participant funding of transmission projects.<sup>59</sup> In fact, a transmission developer is free to pursue participant funding for facilities not selected for regional cost allocation, or may choose to pursue participant funding even if that facility is selected for cost allocation.<sup>60</sup> Indeed, as the Commission explicitly stated, “nothing in this Final Rule precludes the use of participant funding for those transmission projects with the support of individual market participants.”<sup>61</sup> The purpose of the Order No. 1000 cost allocation process is, after all, to “facilitate negotiations among potentially interested parties,” not to mandate that the project identified in the Regional Plan be financed strictly in accordance with the costs determined through the allocation process.<sup>62</sup>

Concerns that allowing transmission owners to bypass the Regional Planning Process through bilateral agreements violates Order No. 1000 are therefore misplaced. Such projects will be included within the Regional Plan through their incorporation in the local transmission plans of participating transmission owners, but need not be proposed for regional cost allocation.

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<sup>58</sup> *Id.* at P 724.

<sup>59</sup> *Id.* at P 723.

<sup>60</sup> *Id.* at P 725.

<sup>61</sup> *Id.* at P 726.

<sup>62</sup> *Id.* at P 561.



3. *The Business Practice Manual Procedures Governing Public Policy Requirements-Driven Projects Need Not Be Included in the Jurisdictional Utilities' Tariffs*

AWEA expresses concern that portions of the process for evaluating PPR-driven needs are incorporated in the BPM, but not in the tariffs of the individual Jurisdictional Utilities.

AWEA suggests that these procedures should be included in those tariffs to ensure “meaningful stakeholder input on PPR-driven grid needs.”<sup>63</sup> Additionally, the NMPRC proposed that FERC require transmission owning and operating utilities in WestConnect to submit the finalized versions of the WestConnect BPM and PPA to FERC in their respective Order No. 1000 compliance filing dockets.<sup>64</sup>

Although the BPM provides additional procedural details for the consideration of transmission needs driven by public-policy requirements in the regional process, the assurances AWEA desires are contained in the tariffs of the Jurisdictional Utilities. For example, the Jurisdictional Utilities' tariffs state that WestConnect stakeholders will “review enacted public policy requirements and determine which transmission needs will be included in the modeling for that cycle,”<sup>65</sup> and must address “any transmission needs driven by enacted state or federal public policy requirements” in the transmission system models used to develop the Regional Plan.<sup>66</sup> Furthermore, the PMC has committed to explaining on the WestConnect website which transmission needs driven by PPRs were included in the studies and why other suggested needs proposed in the stakeholder process were not.<sup>67</sup>

This process will enable stakeholder input into which PPRs are considered and allow stakeholders to propose any transmission needs driven by PPRs they deem appropriate.

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<sup>63</sup> AWEA Comments at 14.

<sup>64</sup> NMPRC Comments at 5.

<sup>65</sup> See, e.g., Attachment R-PSCo § III.G.1.

<sup>66</sup> See, e.g., Attachment R-PSCo § III.G.1.

<sup>67</sup> See, e.g., Attachment R-PSCo § III.G.3.

Although the Regional Planning Process is only obligated to address those transmission needs driven by enacted state and federal requirements, other PPRs can be proposed in this process. The inclusion of the BPM operating procedures into the confines of the as-filed OATTs would not provide any greater consideration of those PPRs. Further, the Commission’s precedent governing tariff filings is that, as a general rule, operating procedures need not be filed.<sup>68</sup> The BPM is a collection of operating procedures, and is publicly available on the WestConnect website.<sup>69</sup>

The concerns of AWEA and other commenters appear based on a fear that only the transmission owners in the region will determine the modeling assumptions used in the Regional Planning Process. That is incorrect. The stakeholder process in the region, in which entities such as AWEA can participate, will determine the inputs to the models used by the PMC—including PPRs—as mandated by the proposed revisions to the Jurisdictional Utilities’ tariffs. Under the Regional Planning Process, stakeholders, even if not interested in developing a project themselves, may propose projects for consideration,<sup>70</sup> and may attend meetings to discuss “models, study criteria and assumptions”<sup>71</sup> as well as any other “material matters of process related to the Regional Plan.”<sup>72</sup> This process is particularly open as to the identification of transmission needs driven by PPRs and non-transmission alternative projects. The region’s stakeholders on the PMC, as a group, are directed to “review enacted public policy requirements and determine which transmission needs will be included in the modeling for that cycle,”<sup>73</sup> and

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<sup>68</sup> See, e.g., *New England Power Pool*, 95 FERC ¶ 61,253 at 61,877 (2001) (explaining that operating and management procedures need not be filed when the “rates, terms and conditions” applicable to the entity are set forth in its tariff and the procedures are made publicly available).

<sup>69</sup> <http://www.westconnect.com/>. The BPM is available under the Order No. 1000 link.

<sup>70</sup> See, e.g., Attachment R-PSCo § III.B.2.

<sup>71</sup> See, e.g., Attachment R-PSCo § III.B.2.

<sup>72</sup> See, e.g., Attachment R-PSCo § III.B.4.

<sup>73</sup> See, e.g., Attachment R-PSCo § III.G.1.

any stakeholder is free to propose non-transmission alternatives.<sup>74</sup> AWEA's concern that public policy requirement-driven transmission needs could somehow remain unevaluated is therefore misplaced.

**C. Clarifications in Response to Intervenor Comments**

Certain intervenor comments raise issues that the Jurisdictional Utilities wish to address to clarify the apparent confusion surrounding certain aspects of the October 11 Filings. The Jurisdictional Utilities therefore offer the following responses to selected issues from the comments and protests filed in these proceedings.

1. *The Project Sponsor Criteria Are Addressed in the Jurisdictional Utilities' OATTs*

LS Power alleges that Order No. 1000 directs the Jurisdictional Utilities to include project developer criteria within its OATT, but that the Jurisdictional Utilities have failed to do so,<sup>75</sup> claiming that the criteria are instead placed in the BPM. This is incorrect. For example, Section III.C.5 of PSCo's Attachment R contains the criteria for submitting a project to be evaluated in the Regional Planning Process for purposes of cost allocation. The BPM repeats, but does not alter, the criteria.

2. *The Jurisdictional Utilities' OATTs Define Public Policy Requirements*

Although AWEA agrees that the definition of PPRs in the Jurisdictional Utilities' tariffs is compliant with Order No. 1000,<sup>76</sup> AWEA states that the WestConnect utilities should "explicitly include the term PPR as defined" in the OATTs themselves, and suggests that all references to PPRs should be in upper case to indicate the use of the defined term.<sup>77</sup>

<sup>74</sup> See, e.g., Attachment R-PSCo § III.C.6.

<sup>75</sup> LS Power Protest at 20 (citing Order No. 1000 at P 323).

<sup>76</sup> AWEA Comments at 8.

<sup>77</sup> *Id.* at 9.

This is unnecessary. The Jurisdictional Utilities' tariffs explain that the obligation to address PPRs requires the Regional Planning Process to include "any transmission needs driven by enacted state or federal public policy requirements,"<sup>78</sup> and that such projects are considered public policy projects under the cost allocation process in the WestConnect region. This satisfies the Order No. 1000 requirement to specify in the tariff the procedures for considering "transmission needs driven by public policy requirements."<sup>79</sup> There is no basis presented by AWEA upon which the Commission could reasonably find that the compliance filings are deficient in this regard.

3. *The Jurisdictional Utilities' Tariffs Include a Regional Process to Identify Public Policy Requirement-Driven Transmission Needs*

The PIOs claim that the Regional Planning Process lacks a clear process for identifying transmission needs driven by PPRs, claiming that the process fails to make clear "*that and how* it will accept stakeholder input on grid needs driven by PPRs."<sup>80</sup> The PIOs claim that the WestConnect process lacks specificity regarding the procedures for identifying such needs and determining which public policy needs will be evaluated.

These allegations overlook the extensive public policy planning process in the Regional Planning Process. Under that process, "any transmission needs driven by enacted state or federal public policy requirements will be included in the transmission system models underlying the development of the Regional Plan."<sup>81</sup> The assertion by the PIOs that "neither the tariff language nor the [BPM] makes it explicit that all (or some subset of) identified regional PPR-driven needs will be evaluated for solutions"<sup>82</sup> is therefore incorrect. All transmission needs driven by

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<sup>78</sup> See, e.g., Attachment R-PSCo § III.G.1.

<sup>79</sup> Order No. 1000 at P 206.

<sup>80</sup> PIOs Comments at 9. See also IREC Comments at 9.

<sup>81</sup> See, e.g., Attachment R-PSCo § III.G.1 (emphasis added).

<sup>82</sup> PIOs Comments at 10.

enacted PPRs are considered, and proposed PPRs can be considered as well.<sup>83</sup> Furthermore, if the PIOs or other stakeholders believe that this process has failed to capture certain transmission needs driven by PPRs, stakeholders can raise them directly at stakeholder meetings,<sup>84</sup> and can participate in the stakeholder process by which PPRs are reviewed and through which the PMC “determine[s] which transmission needs will be included in the modeling for that cycle.”<sup>85</sup> Through this process all enacted PPRs will be identified for solutions in the Regional Planning Process; entities such as the PIOs can join WestConnect and vote on how that evaluation progresses and what projects are ultimately included in the Regional Plan.<sup>86</sup>

Thus, the WestConnect process describes in detail “*that and how*” the regional process will accept stakeholder input on transmission needs driven by PPRs.

4. *The Business Practice Manual Procedures Addressing PPRs Need Not Be Included in the Jurisdictional Utilities’ Tariffs*

AWEA expresses concern that portions of the process for evaluating PPR-driven needs are incorporated in the BPM, but not in the tariffs of the Jurisdictional Utilities. AWEA suggests that these procedures should be included in those tariffs to ensure “meaningful stakeholder input on PPR-driven grid needs.”<sup>87</sup> The PIOs raise the same concerns.<sup>88</sup>

Although the BPM provides additional procedural details for the consideration of transmission needs driven by PPRs in the regional process, the assurances AWEA and the PIOs desire are contained in the tariffs of the Jurisdictional Utilities. For example, the PSCo tariff states that stakeholders will “review enacted public policy requirements and determine which

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<sup>83</sup> See, e.g., Attachment R-PSCo § III.G.1.

<sup>84</sup> See, e.g., Attachment R-PSCo § III.B.2.

<sup>85</sup> See, e.g., Attachment R-PSCo § III.G.1.

<sup>86</sup> See, e.g., Attachment R-PSCo § III.A.2.a.

<sup>87</sup> AWEA Comments at 14.

<sup>88</sup> PIOs Comments at 11.

transmission needs will be included in the modeling for that cycle,”<sup>89</sup> and must address “any transmission needs driven by enacted state or federal public policy requirements” in the transmission system models used to develop the WestConnect Regional Plan.<sup>90</sup> Furthermore, the PMC has committed to explaining on the WestConnect website which transmission needs driven by PPRs were included in the studies and why other suggested needs proposed in the stakeholder process were not.<sup>91</sup> In any case, the local transmission planning procedures will also consider PPRs and stakeholders can participate at that level as well. To the extent concerns are not addressed at the local level, stakeholders have another opportunity at the regional level. Thus, contrary to the assertions of the PIOs, the regional process presented in the October 11 Filings does provide the “basic procedures and criteria for the consideration of PPR-driven needs and potential solutions.”<sup>92</sup>

This will enable stakeholder input into which PPRs are considered and allow stakeholders to propose any transmission needs driven by PPRs they deem appropriate. Although the Regional Planning Process is only required to address those transmission needs driven by enacted state and federal requirements, stakeholders can suggest—and WestConnect may choose to consider—proposed PPRs. The BPM must comport with the procedures in the Jurisdictional Utilities’ tariffs, and as the tariff procedures meet Order No. 1000’s requirements, there is no need to include those BPM specifics in the tariffs themselves.

Finally, as discussed above, the Commission has traditionally permitted public utilities not to file operating procedures that do not change the rates, terms, and conditions of

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<sup>89</sup> See, e.g., Attachment R-PSCo §III.G.1.

<sup>90</sup> See, e.g., Attachment R-PSCo §III.G.1.

<sup>91</sup> See, e.g., Attachment R-PSCo §III.G.3.

<sup>92</sup> PIO Comments at 11.

transmission service.<sup>93</sup> The BPM falls within the category of procedures that do not meaningfully affect transmission service because all of the regional planning requirements significantly affecting the Regional Planning Process are contained in the Jurisdictional Utilities' tariffs. The procedures in the BPM will simply provide administrative detail regarding the PMC's implementation of the Regional Planning Process contained in the tariffs. For example, the tariffs describe the regional transmission planning cycle as biennial,<sup>94</sup> and require that certain activities occur during that two-year period, including project submission open windows,<sup>95</sup> and the approval of the Regional Plan.<sup>96</sup> The BPM describes when, in that two year period, those events would occur.<sup>97</sup> Furthermore, as it is now, the BPM will remain publicly posted so that all interested parties have access to it. Because the BPM will not have a significant effect on transmission service and will continue to remain transparent, there is no need to file it as part of the Jurisdictional Utilities' tariffs.

##### 5. *Single System Projects Can Receive Interregional Cost Allocation*

Clean Line explains that it is concerned with the nature of the single system project definition in the Regional Planning Process because, according to Clean Line, it could prevent a project that exists in both the WestConnect region and a neighboring region from being considered for regional cost allocation and therefore prevent it from being eligible for interregional cost allocation.<sup>98</sup> Clean Line notes that the Regional Planning Process defines local transmission projects as "projects located within a Transmission Owner's retail distribution service territory or footprint unless such projects are submitted and selected in the Regional Plan

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<sup>93</sup> See, e.g., *New England Power Pool*, 95 FERC ¶ 61,253 at 61,877 (2001) (explaining that operating and management procedures need not be filed when the "rates, terms and conditions" applicable to the entity are set forth in its tariff and the procedures are made publicly available).

<sup>94</sup> See, e.g., Attachment R-PSCo § III.C.7.

<sup>95</sup> See, e.g., Attachment R-PSCo §§ III.C.5 and III.C.6.

<sup>96</sup> See, e.g., Attachment R-PSCo § III.I].

<sup>97</sup> See WestConnect Business Practice Manual Version 11 § 3.4 (Oct. 12, 2012 Draft).

<sup>98</sup> Clean Line Protest at 7-8.

for purposes of cost allocation,”<sup>99</sup> but explains that this would discourage the selection of potential interregional projects in the WestConnect Regional Plan if a project exists only in a single WestConnect utility’s footprint or distribution service territory because for purposes of the WestConnect region it would be a local project.

Clean Line requests that the Commission direct the WestConnect utilities to include in the Regional Planning Process a new category of projects identified as possible candidates for interregional cost allocation that would not be subject to an evaluation for regional benefits, but only for possible interregional benefits.<sup>100</sup>

As a preliminary matter, Clean Line’s concerns are directed more at interregional cost allocation rather than regional cost allocation. The interregional planning and cost allocation process, once it is submitted next year, should clarify the process for identifying candidates for *interregional* cost allocation. However, because the due date for interregional cost allocation proposals is still well in the future, appropriate procedures for interregional cost allocation remain in development.

In any case, Clean Line’s proposed change to the regional cost allocation process is unnecessary. If a project developer seeks to develop a transmission project that crosses multiple regions but only benefits a single region, the transmission developer can seek regional cost allocation in the region that would benefit, even though interregional cost allocation would not be available. Similarly, if only a single WestConnect utility would benefit from an interregional project, but a different region would receive substantial benefits, the transmission developer is free to negotiate with the single WestConnect utility and seek regional allocation of the remaining costs in the other region. Finally, given the nature of interregional projects, and the

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<sup>99</sup> See, e.g., Attachment R-PSCo § VI.A.

<sup>100</sup> Clean Line Protest at 8.



manner in which their benefits would be calculated, it is highly unlikely that such a project could not demonstrate benefits sufficient for selection at the regional level.

The WestConnect process leaves the transmission developer seeking to develop such a project free to propose it for cost allocation in the Regional Planning Process. Any transmission project can be proposed in the Regional Planning Process by a transmission developer.<sup>101</sup> Furthermore, as stated in, for example, Attachment R-PSCo § VI.A, even local transmission projects can be proposed for inclusion in the Regional Plan for purposes of cost allocation.

#### 6. *Clarification Addressing Transmission Development Milestones*

LS Power expresses concern regarding what it sees as an inconsistency in the manner in which the reevaluation process appears to let transmission owners and providers establish the dates by which required milestones must be reached for a project selected in the Regional Plan for purposes of cost allocation. According to LS Power, this responsibility is also provided to the PMC.<sup>102</sup> Thus, for example, Attachment R-PSCo § VI.B.6 provides that the PMC is responsible for monitoring the status of the development of a project, but that the transmission owners and providers must establish the dates by which certain construction milestones must be met, and the transmission owners and providers can remove from the Regional Plan those projects that fail to meet the established milestones.

In response, the Jurisdictional Utilities acknowledge the inconsistency and offer the following clarification. Transmission owners and operators in the region are the proper entities to establish the milestone dates for a transmission project because the existing transmission owners and operators have the responsibility to ensure that their needs are met, particularly where the reliability of their respective systems is concerned. However, transmission owners

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<sup>101</sup> See, e.g., Attachment R-PSCo § III.C.2.

<sup>102</sup> LS Power Protest at 18-19.

and operators will not have the authority to remove a project selected for regional cost allocation from the Regional Plan. Only the PMC has the authority to select projects for regional cost allocation in the Regional Plan, and only the PMC has the authority to remove a project it previously selected. The PMC “will monitor the status of the project’s development”<sup>103</sup> and only the PMC is responsible “for determining . . . when and if projects are to be reevaluated.”<sup>104</sup>

7. *The PMC Is Not Responsible For Choosing a Project Developer*

LS Power expresses concern with the statement in, for example, Attachment R-PSCo § VI.B.6 that the PMC “will not be responsible for choosing a developer for, or managing the development of, any project selected for inclusion in the Regional Plan.” According to LS Power, “to the extent that the qualified entity that proposed the project selected for inclusion in the Regional Plan sought to develop the project, it must be designated as the entity to construct and own the project.”<sup>105</sup>

There is no such obligation in Order No. 1000. LS Power’s protest in this area is nothing short of an out-of-time request for rehearing of the Commission’s order. The purpose of Order No. 1000 is transmission planning, and the Regional Planning Process, including the allocation of costs, results in thorough, studied, and vetted planning information. It is not a financing and construction agreement and it specifically declines to adopt a sponsorship-based approach to project development as advocated by LS Power.<sup>106</sup> Furthermore, Order No. 1000 did not address

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<sup>103</sup> See, e.g., Attachment R-PSCo § VI.B.6.

<sup>104</sup> See, e.g., Attachment R-PSCo § III.J.

<sup>105</sup> LS Power Protest at 19-20.

<sup>106</sup> Order No. 1000 at P 340 (“With regard to ongoing sponsorship rights, the Commission concludes on balance that granting transmission developers an ongoing right to build sponsored transmission projects could adversely impact the transmission planning process, potentially leading to transmission developers submitting a multitude of possible transmission projects simply to acquire future development rights.”).

project construction or authorization,<sup>107</sup> and cannot, therefore, have required the designation of a project developer.

The PMC cannot force the beneficiaries of a transmission project in its region to accept a specific transmission developer for a project for the same reason that it cannot force cost recovery from beneficiary utilities: doing so goes beyond the purpose of Order No. 1000. The Regional Planning Process will “facilitate negotiations among potentially interested parties,”<sup>108</sup> including the transmission developer who proposed the project, but nothing in Order No. 1000 can compel anyone to accept that developer.

#### 8. *The PMC Will Be Sufficiently Inclusive*

AWEA notes its concern regarding the makeup of the PMC, which controls the Regional Planning Process. According to AWEA, the description of the PMC “does not provide sufficient detail to determine whether it would in practice be inclusive enough (specifically, how participation, through the PMC, will be ensured for all interested stakeholders) to establish a ‘just and reasonable and not unduly discriminatory process.’”<sup>109</sup>

The Regional Planning Process provides for broad stakeholder participation, as reflected in the Jurisdictional Utilities’ tariff language submitted in the October 11 Filings. Stakeholders interested in a vote on the PMC can sign the PPA, pay the appropriate dues, and join the PMC for the region.<sup>110</sup> If they do so, they will join one of the five stakeholder sectors. Once on the PMC, each stakeholder member is entitled to a full vote on all issues subject to the jurisdiction of

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<sup>107</sup> *Id.* at P 66 (“Nothing in this Final Rule requires that a facility in a regional transmission plan or selected in a regional transmission plan for purposes of cost allocation be built, nor does it give any entity permission to build a facility. Also, nothing in this Final Rule relieves any developer from having to obtain all approvals required to build such facility.”).

<sup>108</sup> *Id.* at P 561.

<sup>109</sup> AWEA Comments at 12.

<sup>110</sup> The PMC is the only entity that conducts the Order No. 1000 Regional Planning Process. Other functions of WestConnect are governed separately, not by the PMC.

the PMC, which oversees the Regional Planning Process for the region,<sup>111</sup> approves the Regional Plan,<sup>112</sup> reevaluates transmission projects,<sup>113</sup> and determines the projects eligible for regional cost allocation.<sup>114</sup>

PMC membership does not extend to stakeholders unwilling to sign the PPA, but even those stakeholders that do not wish to vote in the PMC can participate broadly in the Regional Planning process by attending meetings, providing feedback, submitting project proposals for consideration, and commenting on the proposals submitted by others in the region.

9. *OATT Revisions Relevant to the Regional Planning Process Will Be Discussed With Stakeholders*

The CPUC asks for greater clarification regarding the manner in which the Jurisdictional Utilities will handle revisions to their tariffs related to the Regional Planning Process.<sup>115</sup> The CPUC notes that such discussions should not be limited to only transmission owners, but should instead be conducted in an open, transparent, and coordinated manner in consultation with stakeholders.

Each public utility transmission provider is ultimately responsible for its tariff and must therefore make its own decisions regarding revisions to that tariff language. The PMC will not have a voting right over those changes, but the Jurisdictional Utilities intend to undertake a general practice of seeking stakeholder input on significant changes to the regional process, particularly where the changes have broad impact across the region. The need for tariff changes specific to the Regional Planning Process will likely be rare.

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<sup>111</sup> See, e.g., Attachment R-PSCo § III.B.5.b.

<sup>112</sup> See, e.g., Attachment R-PSCo § III.I.

<sup>113</sup> See, e.g., Attachment R-PSCo § III.J.

<sup>114</sup> See, e.g., Attachment R-PSCo § VI.B.

<sup>115</sup> CPUC Comments at 10.

10. *Matrix of Responses to Policy Concerns Raised By Intervenors*

In Appendix A to this answer the Jurisdictional Utilities have provided a matrix of responses to certain additional concerns. Order No. 1000 in large part permitted each planning region to propose its own unique response to the broad mandates and general guidance provided by the Commission, providing public utility transmission providers the “flexibility [to] determin[e] the most appropriate manner to enhance existing regional transmission planning processes to comply with this Final Rule.”<sup>116</sup> The issues addressed in the matrix relate to the policy decisions reached during the stakeholder process, often through extensive efforts at compromise and consensus. Therefore, the attached matrix addresses each of these policy decisions only briefly.

**IV. CONCLUSION**

WHEREFORE, the Jurisdictional Utilities respectfully request that the Commission accept this answer, deny the protests filed by certain intervenors as discussed above, and accept the October 11 Filings of the Jurisdictional Utilities.

Respectfully Submitted,

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<sup>116</sup> Order No. 1000 at P 157.

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Dated: December 17, 2012

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 17th day of December, 2012.

/s/ J. Daniel Skees

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## Appendix A: Response to Intervenor Policy Concerns

No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
1	WestConnect should use a hybrid approach, not a local project-based approach to planning.	“Despite repeated requests by both state regulatory commissions and stakeholders calling for WestConnect to adopt the hybrid approach to regional transmission planning, WestConnect instead developed an approach where consideration is first given to needs identified in the roll-up of local transmission owner plans, followed by a WestConnect-wide (i.e., regional) reliability assessment of these plans.”	CPUC Comments at 11-12	Order No. 1000 does not mandate a particular approach to transmission planning.
2	The Jurisdictional Utilities' tariffs should be more specific as to how economic projects will be considered and how WestConnect will decide whether to include those facilities in the Regional Plan, including providing more specifics regarding the inputs into the cost-benefit analysis.	<p>The WestConnect utilities should “set forth, in their respective tariffs, more specific metrics by which a proposed transmission solution will be evaluated to determine whether it is an economic project and how decisions whether to include such facilities in a regional transmission plan will be made.”</p> <p>“WestConnect does not provide specific guidelines or a formula informing potential applicants of the specific inputs that will go into the cost-benefit analysis.”</p>	Startrans Comments at 3-4; WITG Comments at 7.	For example, PSCo Attachment R § III.F explains that the economic planning process will use detailed production cost simulations that consider the impact of transmission projects on production cost and system congestion and will also consider the value of decreased reserve sharing requirements. Economic projects must have a benefit/cost ratio of 1.25 to be considered economically justified for regional cost allocation. Finally, the Commission allowed regions to use “flexible criteria” rather than bright-line metrics to determine which projects to

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No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
				include in the regional plan. <i>See</i> Order No. 1000 at P 223.
3	The proposal provides too much voting power for Transmission Owners with Load Serving Obligations Sector.	<p>“Clean Line is concerned, however, that the enhanced voting power afforded within the governance structure to the Transmission Owners with Load Serving Obligations (TOLSO) sector could undermine the openness, transparency and overall fairness of the process, as well as the spirit of Order No. 1000.”</p> <p>“The WestConnect governance structure inappropriately provides incumbent transmission owners with veto authority over the regional transmission plan.”</p>	Clean Line Protest at 6; LS Power Protest at 12.	As structured, more than 1/3 of the TOLSO sector would have to vote against a measure to stop it. This voting procedure was developed through an extensive stakeholder process resulting in a compromise among interested parties. Order No. 1000 did not mandate specific voting measures—and did not require that regions provide <i>any</i> voting rights to stakeholders—only that they be included in compliance filings if developed. Order No. 1000-A at P 269. In providing for the grant of voting rights to individual stakeholder member sectors, the current proposal puts stakeholders in a position superior to that required under Order No. 1000. In addition, it is worth noting that the TOLSO sector cannot unilaterally make decisions within the planning process governance structure proposed for Order No. 1000 compliance.

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4	WestConnect should allow for partial cost allocation of facilities instead of treating all facilities as either cost allocated or not cost allocated.	“Clean Line supports the ability of regions to partially cost allocate transmission lines if benefits can be shown to support a region.”	Clean Line Protest at 8.	There is no obligation to provide for partial cost allocation for a transmission project in Order No. 1000.
5	Transmission owners are not beneficiaries of regional projects, the end-use rate-payers are, and load-serving transmission owners should not be able to vote on whether a competitor's transmission project gets built.	“[T]he Commission should make it clear that transmission owners who compete for regional projects are not the ‘identified beneficiaries’ of the transmission additions, rather the ratepayers are the beneficiaries. . . . LSP Transmission would object to the proposition that incumbent investor-owned transmission owners as load serving entities can ‘vote’ on behalf of ‘beneficiaries’ on whether a competitor's transmission project gets built.”	LS Power Protest at 14.	The PMC is a stakeholder committee that votes on the Regional Plan and the projects identified for cost allocation. Transmission owners are not excluded from that committee, and there is no support in Order No. 1000 for excluding them.
6	The WestConnect utility tariffs should state that the review and analysis of the PMC was performed in a non-discriminatory manner.	“LSP Transmission asks that the Commission require the WestConnect Participants to add edit (sic) the second sentence of Section III. I to read: “The Regional Plan will document why projects were either included or not included in the Regional Plan and shall affirmatively attest that the review and analysis performed by or on behalf of the WestConnect Planning Management Committee were done in a non-discriminatory manner using consistent review and analysis whether incumbent transmission owner projects or non-	LS Power Protest at 15-16.	The PMC is required to follow Order No. 1000's requirements. In complying with the Commission's specific Section 206 directives in the rule, the tariffs are rendered just and reasonable. LS Power has the right to file a complaint with the Commission under Section 206 in the event it encounters discrimination. This complaint process has long been provided for in the OATTs of the

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No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
		incumbent project.”		Jurisdictional Utilities, and originated in Order No. 890.
7	The Jurisdictional Utilities' tariffs lack criteria on how WestConnect will evaluate and select among competing solutions.	“The WestConnect Compliance Filings are essentially devoid of any evaluation methodology and are therefore not in compliance with Order No. 1000.”	LS Power Protest at 16.	This is not accurate. The Jurisdictional Utilities' tariffs provide an evaluation process for each type of regional project (reliability, economic, and public policy) including the criteria for inclusion in the regional plan for purposes of cost allocation, with ultimate evaluation authority residing in the stakeholder-based PMC, which ultimately approves each Regional Plan. Finally, the Commission allowed regions to use “flexible criteria” rather than bright-line metrics to determine which projects to include in the Regional Plan. <i>See</i> Order No. 1000 at P 223
8	Local projects should be subject to reevaluation.	“If a local project fits the reevaluation criteria, <i>i.e.</i> , either fail to meet in service date, undergoes significant electric parameter changes or a change in cost allocation – that project should be subject to reevaluation and determination should be made by WestConnect if that project could be replaced by a more efficient or cost effective solution for the Region.”	LS Power Protest at 17.	Order No. 1000 only requires a reevaluation process for projects selected in the Regional Plan for purposes of cost allocation. Local projects are inherently outside that review. In any case, the WestConnect PMC, as the <i>regional</i> planning entity, could not prevent a transmission

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No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
				owner from developing a <i>local</i> project, even if such a reevaluation process existed. Furthermore, each transmission owner, as part of its Order No. 890 local planning process, will perform a reevaluation, and address such reevaluations as part of their stakeholder meetings.
9	WestConnect should not exclude from reevaluation projects that were never selected in a regional plan.	“LSP Transmission’s position is that neither of these categories is exempt from Order No. 1000 because they have never been selected in a regional plan and therefore have never gone through the evaluation process in the first instance. Indeed, the Commission should find it offensive that they seek to exempt projects that were merely in ‘the 10-year corporate capital budget.’”	LS Power Protest at 18.	Order No. 1000 at P 329 requires only that the region have a reevaluation process, but leaves the specifics to the region. The exclusions outlined in the Jurisdictional Utilities’ tariffs are intended to protect projects that are not projects selected for regional cost allocation, including those projects for which the Commission did not remove the right of first refusal and those projects studied under the current (Order No. 890-compliant) WestConnect process.
10	The new transmission planning process should start applying to the next planning phase for the	“While LSP understands that the current planning process will be underway when Commission approval is attained, the new transmission planning process should start	LS Power Protest at 21.	Order No. 1000 at P 162 asked public utility transmission providers to explain in their compliance filings how they

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No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
	ongoing planning cycle after FERC approval (i.e. applying it to projects already in development).	applying to the next planning phase for the ongoing planning cycle after Commission approval.”		intend to implement the Order No. 1000 compliance requirements given that the order was issued in the middle of a planning cycle. The Jurisdictional Utilities have done so, ensuring that projects that began development under the existing process are not affected by the transition to the Order No. 1000 process. The October 11 Filings provide that the new regional process will start two calendar years from final Commission action to align with the WECC TEPPC process, which the WestConnect process draws upon for identification of regional needs. Starting the Order No. 1000 process cycle before this would create a one-year delay in evaluating regional and possible interregional projects. In addition, this misalignment of planning processes would result in older data being used.
11	The Jurisdictional Utilities' tariffs do not include potential future	“To that end, we think it is unfortunate that WestConnect did not include the consideration of potential future public	AWEA Comments at 9-10.	The Regional Planning Process defines PPRs in accordance with the Commission's

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No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
	PPRs in the definition of PPRs.	policy directives and requirements that affect infrastructure needs. We think that any type of legal or regulatory requirements or standards that take effect in future years affecting transmission development should be included in the transmission planning process, such as anticipated Clean Air Act rules governing emissions from electric generating units.”		guidance in Order No. 1000. While the regional process permits the consideration of <i>any</i> PPRs, even potential future PPRs, in the scenario planning analysis which involves the WECC TEPPC, if time and resources permit, there is no mandatory obligation to consider PPRs other than enacted requirements. This is consistent with the rule.
12	The Jurisdictional Utilities do not do enough to identify PPRs on a regional basis, need to explain the process for identifying regional PPRs in the Regional Plan, and should have a clearly defined process for stakeholders to propose PPRs at the local level. Each individual utility should post on its website why it did or did not identify a PPR transmission need.	<p>“[I]t appears that WestConnect is doing very little to identify PPRs on a regional basis rather than just focusing on identifying these requirements locally.”</p> <p>“[E]ach WestConnect member OATT needs clearly defined opportunities for stakeholders to propose transmission to support PPRs, and comments on proposed solutions, at the local level before they are rolled up. In addition, each WestConnect member OATT should require the utility to post on its website an explanation of why it did or did not identify a transmission need for evaluation.”</p>	AWEA Comments at 13-14.	The Regional Planning Process requires that the PMC consider PPRs as defined, and stakeholders are free to propose such PPRs to the PMC. <i>See, e.g.,</i> Attachment R-PSCo § III.G.1. In addition, each Jurisdictional Utility now considers PPRs at the local level. For example, in Attachment R-PSCo § I.C.1, PSCo considers “enacted local and state public policy in accordance with the Colorado renewable energy standard and resource adequacy plans that are consistent with the Colorado State Electric Resource Plan.” Open

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				<p>meetings in the local planning process provide another opportunity for stakeholders to identify other PPRs. In addition, PSCo's local planning process allows for economic study requests to be submitted for evaluation, and these economic study requests can include PPRs that are not enacted. Finally, the PMC will post online a list of all PPR transmission needs included in its studies as well as an explanation as to why other such needs will not be evaluated. <i>See, e.g., Attachment R-PSCo § III.G.3.</i></p>
13	A ten-year planning horizon is too short.	<p>"AWEA and Interwest believe WestConnect's proposed planning horizon of 10 years is too short, and will likely prevent the region from evaluating transmission plans that would meet regional needs more efficiently or cost effectively than plans produced under a longer planning horizon."</p>	AWEA Comments at 17.	<p>There is no obligation in Order No. 1000 to consider a longer time horizon. Furthermore, the 10 year horizon is consistent with the Transmission Planning ("TPL") Reliability Standards' planning horizon for identifying transmission reliability projects. This is also consistent with the time horizon for regional planning in the neighboring regions with which WestConnect will</p>



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				pursue interregional planning. A different horizon in the WestConnect region would make interregional planning more difficult.
14	The WestConnect cost allocation process splits projects into multiple categories (PRR, reliability, economics), ignoring the possibility that a project can serve multiple purposes.	“WestConnect’s proposal falls short of Order No. 1000’s intended goals by establishing separate planning processes for what are claimed to be different categories of transmission (e.g., reliability-driven, economic-driven, public policy-driven), even though in reality nearly all transmission serves multiple purposes. Placing transmission plans into artificial categories ignores the fact that the most cost-effective transmission projects are typically those that serve multiple purposes simultaneously.”	AWEA Comments at 19.	This is not correct. The regional cost allocation process provides for the consideration of projects fulfilling more than one type of purpose. Given the varied nature of such projects, the evaluation authority is granted to the PMC.
15	PMC members must be current with dues to vote.	“The Order No. 1000 “Openness” requirement is not met, as membership on the Planning Management Committee is dependent on payment of dues.”	AWEA Comments at 19.	Although only dues-paying members of the PMC can vote in the PMC, openness is maintained by permitting any interested stakeholders to attend meetings, raise concerns, and propose projects. The current draft of the BPM provides that PMC members from state commissions and non-profit organizations with limited financial resources will not be assessed annual dues.

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No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
16	WestConnect does not define how individuals with expertise to develop base cases will be evaluated.	“Another concern regarding the proposal’s compliance with the Openness principle is that oversight of base case development is limited to ‘individuals with expertise,’ without any explanation of how and by whom an individual is determined to have ‘expertise.’”	AWEA Comments at 20.	There is no obligation to provide such specificity regarding theoretical consultant hiring practices. These decisions will be entrusted to the stakeholder PMC.
17	Economic planning studies are limited to WECC Board or PMC identified regional areas of concern.	“Order 1000’s requirements that the planning process abide by the principles of Openness and the use of Economic Planning Studies are not met, as production cost model analysis is only allowed if there is a WECC Board-approved recommendation from TEPPC to evaluate an area or if a regional scenario is approved by the WestConnect PMC.”	AWEA Comments at 20.	Order No. 1000 required the development of criteria for evaluating economic projects, and reliance on stakeholder-based WECC recommendations together with recommendations from the stakeholder PMC provides criteria to identify areas of concern for economic projects. This also permits the PMC to leverage the existing, robust WECC stakeholder process and avoid duplicating existing WECC efforts.
18	The WestConnect cost allocation methodology does not appropriately align costs with benefits because it addresses only the avoided costs of local transmission projects rather than the potential benefits from regional	“The proposed planning methodology fails to account for many of the benefits transmission provides for improving power system reliability.”	AWEA Comments at 21.	There is no obligation to define benefits in the manner proposed by AWEA. Furthermore, many of the benefits identified by AWEA would be subsumed into the benefits identified in the regional cost allocation process. Furthermore, the

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No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
	projects. Beneficiaries are a much broader group.			regional cost allocation methodology uses methods other than avoided cost for transmission projects. Economic projects are allocated based on the total projected present value of economic benefits received by an identified beneficiary, and PPR projects are allocated based on the number of MW of public policy resources enabled by the project.
19	The methodology for considering multiple types of benefits for each regional project is unclear.	<p>“WestConnect also suggests that there would be a methodology for allocating costs of a project that addresses more than one type of need, though this method is not clarified.”</p> <p>“[W]hile the consideration of all the benefits of a proposed project is ‘possible’ and is to be done ‘through the WestConnect stakeholder process,’ no additional guidance or specificity is provided.”</p>	AWEA Comments at 24; PIOs Comments at 17-18.	This is not correct. The regional cost allocation process provides for the consideration of projects fulfilling more than one type of purpose. However, given the varied nature of such projects, the evaluation authority is granted to the region’s PMC. Interested stakeholders will have an opportunity to provide input in these determinations through the stakeholder process, and PMC members can vote on these determinations.
20	The WestConnect process should consider not only those who cause the need	“It is too easy to only consider those parties who caused the need for a new transmission line, but the Commission has clearly	AWEA Comments at 26; PIOs Comments at 17.	The WestConnect proposal, by using the avoided local reliability upgrades as the basis

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	for a project, but all who benefit.	<p>indicated that cost allocation must also consider those who did not necessarily cause the need, but yet who will benefit from the new project.”</p> <p>“The WestConnect proposal contained in PSCo’s compliance filing fails to identify all classes of benefits and beneficiaries of reliability, economic and public policy-driven regional projects that are likely to exist.”</p>		of cost allocation, can ensure that costs are “roughly commensurate” with the estimated benefits of the project. The Commission did not mandate the “benefits” that must be used, and did not expressly prohibit identifying beneficiaries based on those making direct use of the facilities. The PPR and economic benefit cost allocation processes identify an appropriate class of beneficiaries including, only to the extent appropriate, those that do not make direct use of the facilities.
21	PPR calculations for cost allocation should include not just MW of PPR projects, but also avoided carbon taxes, and avoided RPS penalties.	“AWEA and Interwest also believe public policy benefits could include consideration of avoided carbon tax, or avoided RPS penalties (where applicable) in the case of renewable energy resources.”	AWEA Comments at 27.	There is no obligation to calculate public policy benefits in a certain manner.
22	The Jurisdictional Utilities should define benefits in the cost allocation methodology in such a way that it includes likely future scenarios.	“Finally, the Commission requires that benefit definitions in cost allocation methodologies include benefits related to likely future scenarios. WestConnect does not seem to consider reliability, economic, or public policy benefits on scenario analysis.”	AWEA Comments at 27.	This is incorrect. The calculation of reliability benefits is based on the application of the TPL Reliability Standards to develop transmission plans. These analyses consider a wide

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				variety of contingency scenarios, as is typical with any utility planning. The models used to develop the Regional Plan will inherently rely on various contingency scenarios.
23	NTA project proponents should not be required to provide the same information as transmission developers.	<p>“Due to the nature of potential NTA solutions designed to transmission system needs, it may not be possible or appropriate for sponsors of NTAs to submit the same or equivalent information as sponsors of transmission proposals.”</p> <p>“NTA’s often have characteristics that are very different from traditional transmission infrastructure. It may not be possible for sponsors of NTAs to submit the same or equivalent information as sponsors of transmission proposals.”</p>	PIOs Comments at 13; IREC Comments at 11.	The obligation to submit the same supporting information for transmission and non-transmission alternatives is essential to comparability and to ensure that the Regional Planning Process is not unduly preferential or discriminatory in favor of non-transmission alternatives. However, the regional proposal allows project proponents to omit certain information and explain why it is unnecessary. <i>See, e.g.,</i> PSCo Attachment R § III.C.5. The same possibility applies to transmission and non-transmission alternatives.
24	NTA project developers should not be required to pay a \$25,000 fee for the consideration of their proposal.	<p>“PSCo’s proposed \$25,000 submittal fee for the submission of an NTA proposal may be especially discriminatory.”</p> <p>“While a \$25,000 submittal fee may not pose a problem for an independent transmission company submitting a</p>	PIOs Comments at 14; IREC Comments at 12.	The obligation to submit the same fee for transmission and non-transmission alternatives is essential to comparability and to ensure that the Regional Planning Process is not unduly preferential or discriminatory

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		transmission project proposal for cost allocation, the fee could prove cost prohibitive to potential sponsors of NTA proposals.”		in favor of non-transmission alternatives.
25	Additional fees on top of the \$25,000 proposal fee for non-transmission alternatives could be unduly discriminatory.	“In addition, to the extent that PSCo or the WestConnect BPM may require fees for proposals at the regional level to be added to the \$25,000 flat submittal fee that PSCo noted in its transmittal letter (and as may be inferred from Section (III)(C)(6) of Attachment R), it is impossible to determine whether an additional fee criterion leads to undue discrimination without understanding what that fee would be and how it would be applied. The Commission therefore should require PSCo to clarify whether it contemplates submittal fees not reflected currently in the tariff.”	PIOs Comments at 15.	At this time, the expectation is that no additional fees would be imposed for the study of non-transmission alternatives in addition to the \$25,000 submittal fee that is equivalent to transmission proposals.
26	The methods for determining benefits and beneficiaries are not transparent.	“WestConnect’s cost allocation methodologies do not provide adequate detail regarding how benefits and beneficiaries will be determined, and it does not detail how it will identify the benefits to be considered under its proposal.”	PIOs Comments at 18.	This is incorrect. The methods for calculating identifying beneficiaries and calculating benefits are provided for reliability, economic, and public policy projects in, for example, section VI.B of the PSCo Attachment R.
27	The Jurisdictional Utilities should have a process for providing CEII to stakeholders.	“One important point for ongoing stakeholder participation is the establishment of a clear process by which stakeholders can obtain CEII clearance so they can access WestConnect and WECC	PIOs Comments at 19.	The Jurisdictional Utilities are committed to stakeholder participation, and will work with stakeholders to make CEII available. For example, section

## Appendix A: Response to Intervenor Policy Concerns

No.	Issue Raised/Comment	Quote	Party & Citation	West Connect Jurisdictional Utilities' Response
		data.”		III.K of Attachment R-PSCo provides procedures for accessing CEII in the Regional Transmission Planning Process and section II.A of Attachment R-PSCo contains similar provisions for local planning.
28	The Regional Planning Process should provide for waiver of membership fees for public interest organizations.	<p>“In order to effectuate PSCo’s intent to enable the broad participation that the waiver of membership fees will allow, PIOs ask the Commission to encourage PSCo to design criteria for fee waivers that allow for broad participation by all interested public interest organizations for which a membership fee could prove prohibitive.”</p> <p>“In order to effectuate EPE’s intent to enable the broad participation that the waiver of membership fees will allow, IREC asks the Commission to encourage EPE to design criteria for fee waivers that allow for broad participation by all interested public interest organizations for which a membership fee could prove prohibitive.”</p>	PIOs Comments at 20; IREC Comments at 14.	The Jurisdictional Utilities are committed to stakeholder participation by public interest organizations and will work with them in establishing the PPA to set membership fees at an appropriate level to provide for appropriate participation. The current draft of the region’s BPM provides that PMC members from certain non-profit organizations will not be assessed annual dues.

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